



Informational Guideline Release

Municipal Data Management/Technical Assistance Bureau
Informational Guideline Release No. 08-302
July 2008

FISCAL YEAR 2009 WAIVERS
TO EDUCATION REFORM SPENDING REQUIREMENTS AND
MINIMUM REQUIRED LOCAL CONTRIBUTIONS

Chapter 182, § 100 of the Acts of 2008

This Informational Guideline Release (IGR) informs local officials of provisions of the FY2009 State Budget that allow cities and towns, under certain circumstances, to lower their minimum required contributions to local and regional schools under the Education Reform Act for FY2009.

Topical Index Key:

Schools

Distribution:

Mayors/Selectmen
Regional School Superintendents

July 2008

FISCAL YEAR 2009 WAIVERS
TO EDUCATION REFORM SPENDING REQUIREMENTS AND
MINIMUM REQUIRED LOCAL CONTRIBUTIONS

Chapter 182, § 100 of the Acts of 2008

SUMMARY:

The Department of Revenue may adjust municipalities' minimum required local contributions, as defined in G.L. Ch. 70 §2, to local and regional schools for Fiscal Year 2009, in accordance with outside Section 100 of the FY09 state budget. Municipalities have the opportunity to apply for a waiver if they meet any one of the following criteria. These criteria are described in greater detail in Sections A-1 through A-3 of these guidelines.

- In FY08, a municipality used qualifying revenues – that are not available for use in FY09 – to support municipal operating expenditures.
- In FY09, a municipality uses revenues to support extraordinary, non-school related expenses that did not have to be funded in FY08.
- A municipality's FY09 municipal revenue growth factor is one and a half times the statewide average and is deemed to be excessive.

A municipality may seek a waiver based on these criteria through a request to the Department of Revenue by the selectmen in a town, the city council in a Plan E city or the mayor in all other cities. Relief granted on the basis of the three criteria will be allocated proportionately among a municipality's local school district and all the regional districts to which it belongs.

Criteria for another type of waiver, to be requested by regional school districts, are also described in Section A-4 of this IGR. In this case, upon the request of a majority of its member municipalities, a regional school district that used qualifying revenues in FY08 that will not be available for use in FY09 must apply to the Department of Revenue for an adjustment of its net school spending requirement and corresponding adjustments to the minimum required local contributions of its members.

Minimum contributions recalculated based on the criteria described in this IGR will be certified to the Department of Education.

**MUNICIPAL DATA MANAGEMENT/
TECHNICAL ASSISTANCE BUREAU**

FREDERICK E. KINGSLEY, CHIEF

Any waiver of a municipality's minimum required local contribution to a regional school district (based on sections A-1 through A-4 of these guidelines) must be approved by the selectmen in a town, the city council in a Plan E city or the mayor in all other cities, in a majority of the member municipalities, if the regional school budget has already been adopted by two-thirds of the member municipalities. Upon approval by a majority of the member municipalities, the regional school committee must adjust assessments to its members in accordance with recalculated minimum contributions.

Municipalities and regional school districts seeking adjustments based on any of these four criteria must apply in writing to the Department of Revenue. Applications must be postmarked by October 1, 2008, in accordance with the instructions on Attachment 1 of these guidelines.

GUIDELINES:

A. Criteria and Data Requirements for Waivers

1. Use of One-time Revenues in FY08

A community will be eligible for consideration for a revenue waiver if qualifying revenues used to support operating budgets in FY08 are not reasonably projected to be available in FY09. Qualifying revenues may include free cash, stabilization fund, overlay surplus and other available funds.

Data Required: FY08 balance sheet for free cash certification and Form B-2 (detailed listing of sources and uses of available funds appropriated to date) and page 2 (actual or estimated to date) from the FY09 tax recapitulation sheet.

2. Extraordinary Non-school Expenditures in FY09

A community will be eligible for an expenditure waiver if it must use revenues to fund extraordinary non-school related expenses in FY09 that it did not have to fund in FY08. Extraordinary non-school related expenses include, but are not limited to, court judgments and operating deficits.

Data Required: FY08 balance sheet and a letter from the municipal accounting officer certifying any extraordinary amounts to be raised in FY09 and page 2 (actual or estimated to date) from the FY09 tax recapitulation sheet.

3. Excessive FY09 Municipal Revenue Growth Factor

A community is not eligible for a growth factor waiver unless its municipal revenue growth factor is greater than or equal to one and one-half times the state

average and it is deemed to be excessive. To qualify a community's growth factor must be 6.56 percent or greater. A growth factor will be considered excessive if the actual FY09 revenue growth is materially less than estimated by the FY09 municipal revenue growth factor. When recalculating the FY09 growth factor, we will use both actual FY09 tax base growth and actual FY08 local receipts.

Data Required: FY09 Form LA-13 suitable for calculating certified FY09 new growth and actual FY08 local receipts, as appearing on FY09 recap sheet, certified by the municipal accounting officer.

4. Use of One-time Regional Revenues in FY08

If a regional school district used qualifying revenues in FY08 that will not be available in FY09, upon the request of the selectmen in a town, the city council in a Plan E city and the mayor in all other cities, in a majority of the member municipalities, the region must apply for a reduction to its net school spending and the minimum contributions of its members. Qualifying revenues include excess and deficiency, surplus and uncommitted reserves.

Data Required: FY08 regional school balance sheet for certification of excess and deficiency and FY08 and FY09 assessment calculations showing revenues applied to the budget and the derivation of net school spending, capital and transportation assessments.

B. Apportionment of Waivers

Any shortfall in FY09 local revenues (Criteria A-1) or increase in FY09 extraordinary expenses (Criteria A-2) will be proportionately applied to a municipality's local and regional school contributions. Consequently, reductions to minimum contributions will be based on the local and/or regional school's proportionate share of the total municipal budget multiplied by the gross revenue shortfall or expenditure increase.

As such, all reductions to minimum contributions (Criteria A-1 through A-4) granted under the authority of Section 100 will be specific to a municipality's local and/or regional school(s) and will not be transferable among them. For example, if a community's regional waiver is not approved by a majority of the member municipalities, this relief cannot be applied to the local school budget or any other region to which the member municipality belongs.

C. **Impact of Local and Regional Waivers on School Budgets**

Waivers for Local School Contributions -- If a city or town has an approved FY09 budget that exceeds the recalculated minimum required local contribution and net school spending for its local schools (based on sections A-1, A-2 or A-3 of these guidelines), it is up to the local appropriating body (town meeting/city council) to determine the extent to which the municipality avails itself of any relief granted under this section.

Revenue waivers may result in permanent reductions to a municipality's minimum contributions and net school spending. Expenditure waivers, if acted upon by town meeting or city council, result in temporary relief for FY09 and do not affect minimum contributions and net school spending in subsequent fiscal years.

Waivers for Regional School Contributions -- If the regional school has a legally adopted FY09 budget then any waiver (based on sections A-1 through A-4 of these guidelines) to a member municipality's minimum contribution to the region under this section must be approved by the selectmen in a town, the city council in a Plan E city or the mayor in all other cities, in a majority of the member municipalities. Upon approval by a majority of the members, the regional school committee must adjust the assessments of the affected member(s).

ATTACHMENT 1

EDUCATION REFORM WAIVERS

DIVISION OF LOCAL SERVICES

Please indicate below the type of waiver you are applying for and the documentation enclosed. Return this form with the required data along with a letter of request to Robert G. Nunes, Deputy Commissioner. This letter should provide a brief explanation of your reason(s) for requesting a waiver and must be signed by the selectmen, city council, mayor, or regional school superintendent whichever is applicable. **Applications must be postmarked by October 1, 2008.** If you have any questions, please do not hesitate to contact Rick Kingsley at (617) 626-2376.

Please remit this attachment and cover letter to the attention of:

Melinda Ordway
Division of Local Services
P.O. Box 9569
Boston, MA 02114-9569

Type of waiver	Data required
Revenue waiver	<input type="checkbox"/> Balance sheet as of June 30, 2008 <input type="checkbox"/> Form B-2 for FY09 tax recapitulation sheet <input type="checkbox"/> Page 2 (actual or estimated to date) from the FY09 tax recapitulation sheet
Expenditure waiver	<input type="checkbox"/> Balance sheet as of June 30, 2008 <input type="checkbox"/> Letter from town accountant/city auditor certifying amounts to be raised in FY09 <input type="checkbox"/> Page 2 (actual or estimated to date) from the FY09 tax recapitulation sheet
Municipal Revenue Growth Factor waiver	<input type="checkbox"/> FY09 Form LA13 <input type="checkbox"/> Actual FY08 local receipts per FY09 tax recapitulation sheet
Regional School Revenue waiver	<input type="checkbox"/> Balance sheet as of June 30, 2008 <input type="checkbox"/> Assessment calculations for FY08 and FY09